

October 1, 2020

CLIMBER Oversight Board Staff Proposal: Definition of CLIMBER Qualified Businesses

Section 24-36-203(4), C.R.S. "ELIGIBLE BORROWER" MEANS A **BUSINESS** THAT, AS DETERMINED BY THE OVERSIGHT BOARD:

Business is defined as

(1) A for-profit partnership, corporation, association or entity, incorporated in Colorado, or (2) that filed with the secretary of state as a foreign entity authorized to transact business in Colorado, or (3) is a sole proprietorship owned by a Colorado resident that operates primarily in Colorado, or (4) is a non-profit entity, incorporated in Colorado, that derives program service revenue from the sale of products or services and for which the related program service revenue accounts for at least 50% of the organization's annual revenue.

(a) HAS ITS PRINCIPAL PLACE OF BUSINESS IN THE STATE;

Its headquarters is located in Colorado or a majority of its employees are based in Colorado AND

The business is incorporated in Colorado, or has filed as foreign entity with the secretary of state or be a sole proprietorship owned by a Colorado resident

(b) HAS AT LEAST FIVE BUT FEWER THAN ONE HUNDRED EMPLOYEES;

Employees are residents of Colorado and have a w2 relationship with the borrower as defined in 8-40-301, C.R.S..

The Employees may be full or part-time to satisfy the lower limit of five.

Part time employees may be aggregated into FTEs.

Seasonal businesses must have fewer than 100 FTEs on an average monthly basis.

Businesses must have at least five employees either as of February 29, 2020 or currently.

Businesses must currently have fewer than one hundred FTEs.

October 1, 2020

(c) CAN DEMONSTRATE THAT IT HAD AT LEAST TWO CONSECUTIVE YEARS OF POSITIVE CASH FLOW PRIOR TO FEBRUARY 29, 2020; AND

Positive operating cash flow based on analysis of tax returns or similar financial statements

(d) CAN DEMONSTRATE THAT IT HAD A DEBT-SERVICE COVERAGE RATIO AS OF FEBRUARY 29, 2020, OF AT LEAST ONE-TO-ONE OR A HIGHER LEVEL AS DETERMINED BY THE OVERSIGHT BOARD.

DSCR= Net operating Income divided by total debt service (based on either the actual operating income and debt service in the prior tax year immediately preceding February 29, 2020 or actual operating income and debt service from March 1, 2019 through February 29, 2020 or other reasonable methodologies as determined by the lending institution).